

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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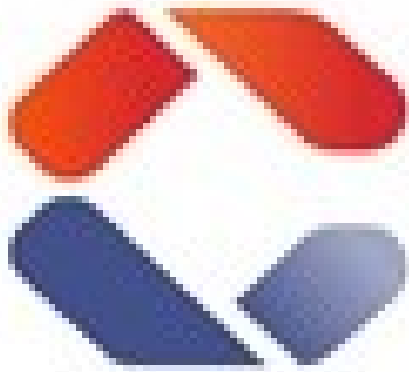
**FORM 8-K**

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**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) August 5, 2020



**CROSS  
COUNTRY  
HEALTHCARE**

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**Cross Country Healthcare, Inc.**  
(Exact name of registrant as specified in its charter)

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(State or Other Jurisdiction  
of Incorporation)

(Commission  
File Number)

(I.R.S. Employer  
Identification No.)

**6551 Park of Commerce Boulevard, N.W., Boca Raton, Florida 33487**  
(Address of Principal Executive Office) (Zip Code)

**(561) 998-2232**  
(Registrant's telephone number, including area code)

**5201 Congress Avenue, Suite 100B, Boca Raton, Florida 33487**  
(Former name or former address, if changed since last report)

**Securities registered pursuant to Section 12(b) of the Act:**

<b>Title of each class</b>	<b>Trading Symbol</b>	<b>Name of each exchange on which registered</b>
Common stock, par value \$0.0001 per share	CCRN	The NASDAQ Stock Market LLC

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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## Section 2 – Financial Information

### Item 2.02 Results of Operations and Financial Condition

(a) On August 5, 2020, Cross Country Healthcare, Inc. (“the Company”) issued a press release announcing results for the quarter ended June 30, 2020, a copy of which is attached as Exhibit 99.1 to this Current Report on Form 8-K. This information is being furnished under Item 2.02 and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of such section.

## Section 7 – Regulation FD

### Item 7.01 Regulation FD Disclosure

Incorporated by reference is a press release issued by the Company on August 5, 2020, which is attached hereto as Exhibit 99.1. This information is being furnished under Item 7.01 and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of such section.

## Section 9 – Financial Statements and Exhibits

### Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit	Description
<a href="#"><u>99.1</u></a>	<a href="#"><u>Press Release issued by the Company on August 5, 2020</u></a>

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

**CROSS COUNTRY HEALTHCARE, INC.**

By: /s/ William J. Burns

William J. Burns

Executive Vice President, Chief Financial Officer

Dated: August 5, 2020

## Cross Country Healthcare Announces Second Quarter 2020 Financial Results

BOCA RATON, Fla.--(BUSINESS WIRE)--August 5, 2020--Cross Country Healthcare, Inc. (the "Company") (Nasdaq: CCRN) today announced financial results for its second quarter ended June 30, 2020.

### SELECTED FINANCIAL INFORMATION:

Dollars are in thousands, except per share amounts	Q2 2020	Variance Q2 2020 vs Q2 2019	Variance Q2 2020 vs Q1 2020
Revenue	\$ 216,779	7 %	3 %
Gross profit margin*	23.4 %	(200) bps	(20) bps
Net loss attributable to common shareholders	\$ (14,151)	73 %	(577)%
Diluted EPS	\$ (0.39)	\$ 1.05	\$ (0.33)
Adjusted EBITDA*	\$ 11,612	84 %	152 %
Adjusted EPS*	\$ 0.16	\$ 0.15	\$ 0.17
Cash flows provided by operations	\$ 16,569	34 %	(3)%

\* Refer to accompanying tables and discussion of Non-GAAP financial measures below.

"Our second quarter results reflect Cross Country's position as a leader in the market, as well as strong execution in filling an unprecedented level of demand from clients responding to COVID-19," said Kevin C. Clark, Co-Founder and Chief Executive Officer. He continued, "We are continuing to adapt to rapid changes in demand across our industry, and we are committed to achieving our long-term goal for growth and improved profitability."

Second quarter consolidated revenue was \$216.8 million, an increase of 7% year-over-year and 3% sequentially. Consolidated gross profit margin was 23.4%, down 200 basis points year-over-year and down 20 basis points sequentially. Net loss attributable to common shareholders was \$14.2 million compared to \$51.7 million in the prior year and \$2.1 million in the prior quarter. Diluted EPS was a loss of \$0.39 per share compared to losses of \$1.44 per share in the prior year and \$0.06 per share in the prior quarter. Adjusted EBITDA was \$11.6 million or 5.4% of revenue, as compared with \$6.3 million or 3.1% of revenue in the prior year, and \$4.6 million or 2.2% of revenue in the prior quarter. Adjusted EPS was \$0.16 compared to \$0.01 in the prior year and a loss of \$0.01 in the prior quarter.

The three and six months ended June 30, 2020 included non-cash impairment charges of \$15.0 million, which was comprised of \$10.5 million related to goodwill and customer relationships for the Search business and \$4.5 million related to right-of-use assets and related property and equipment in connection with leases that were vacated during the quarter.

For the six months ended June 30, 2020, consolidated revenue was \$426.8 million, an increase of 7% year-over-year. Consolidated gross profit margin was 23.5%, down 160 basis points year-over-year. Net loss attributable to common shareholders was \$16.2 million, or \$0.45 per diluted share, compared to a loss of \$53.4 million, or \$1.49 per diluted share, in the prior year. Adjusted EBITDA was \$16.2 million or 3.8% of revenue, as compared with \$9.9 million or 2.5% of revenue in the prior year. Adjusted EPS was \$0.15 compared to \$0.03 in the prior year.

## Quarterly Business Segment Highlights

### *Nurse and Allied Staffing*

Revenue from Nurse and Allied Staffing was \$198.1 million, an increase of 10% year-over-year and 5% sequentially. Contribution income was \$20.6 million, an increase compared to \$16.1 million in the prior year and \$14.2 million in the prior quarter. Average field FTEs were 5,801 as compared with 7,016 in the prior year and 7,145 in the prior quarter. Revenue per FTE per day was \$375 compared to \$283 in the prior year and \$290 in the prior quarter.

### *Physician Staffing*

Revenue from Physician Staffing was \$16.9 million, a decrease of 6% year-over-year and 7% sequentially. Contribution income was \$1.2 million, an increase compared to \$0.5 in the prior year and \$0.6 million in the prior quarter. Total days filled were 9,195 as compared with 10,754 in the prior year and 10,199 in the prior quarter. Revenue per day filled was \$1,835 as compared with \$1,676 in the prior year and \$1,783 in the prior quarter.

### *Search*

Revenue from Search was \$1.8 million, a decrease of 54% year-over-year and 50% sequentially. Contribution loss was \$1.1 million, compared to losses of \$0.2 million in the prior year and \$0.3 million in the prior quarter.

## **Cash Flow and Balance Sheet Highlights**

Cash flow generated from operations for the quarter was \$16.6 million compared to \$12.4 million generated in the prior year and \$17.2 million generated in the prior quarter, driven by strong cash collections. For the six months ended June 30, 2020, cash flow from operations was \$33.7 million, compared to \$25.1 in the prior year.

On June 30, 2020, the Company amended its ABL Loan Agreement (ABL), which increased the current aggregate committed size of the ABL from \$120.0 million to \$130.0 million. As of June 30, 2020, the Company had \$6.2 million in cash and cash equivalents, \$49.1 million of borrowings drawn under its ABL, and \$19.6 million of letters of credit outstanding. Availability under the ABL is subject to a borrowing base, which was \$130.0 million as of June 30, 2020.

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## Outlook for Third Quarter 2020

The guidance below applies to management's expectations for the third quarter of 2020.

	Q3 2020 Range	Year-over-Year Change	Sequential Change
Revenue	\$170 million - \$180 million	(19)% - (14)%	(22)% - (17)%
Gross Profit Margin	23.8% - 24.3%	(60) bps - (10) bps	40 bps - 90 bps
Adjusted EBITDA	\$4.0 million - \$6.0 million	(45)% - (17)%	(66)% - (48)%
Adjusted EPS	\$(0.06) - \$(0.02)	\$(0.11) - \$(0.07)	\$(0.22) - \$(0.18)

The Company continues to assess the impacts from COVID-19 on its operations, which were significant in the second quarter, and are expected to continue into the third quarter. As a result of the volatility and uncertainty from the pandemic, the Company has decided to widen the guidance ranges for the third quarter. Though the Company does not provide full year guidance, management expects to see sequential improvement in Revenue and Adjusted EBITDA for the fourth quarter, given the most recent trend in demand.

The above estimates are based on current management expectations and, as such, are forward-looking and actual results may differ materially. The above ranges do not include the potential impact of any future divestitures, mergers, acquisitions or other business combinations, changes in debt structure, or future share repurchases. The guidance also reflects the impacts from certain cost actions the Company has identified, and actual results may differ depending on timing and further actions it may take. See accompanying Non-GAAP financial measures and tables below.

### INVITATION TO CONFERENCE CALL

The Company will hold its quarterly conference call on Wednesday, August 5, 2020, at 5:00 P.M. Eastern Time to discuss its second quarter 2020 financial results. This call will be webcast live and can be accessed at the Company's website at [www.crosscountryhealthcare.com](http://www.crosscountryhealthcare.com) or by dialing 888-566-1099 from anywhere in the U.S. or by dialing 773-799-3716 from non-U.S. locations - Passcode: Cross Country. A replay of the webcast will be available from August 5th through August 20th at the Company's website and a replay of the conference call will be available by telephone by calling 866-486-4654 from anywhere in the U.S. or 203-369-1642 from non-U.S. locations - Passcode: 2020.

### ABOUT CROSS COUNTRY HEALTHCARE

Cross Country Healthcare, Inc. (CCH) is a leader in providing total talent management including strategic workforce solutions, contingent staffing, permanent placement and other consultative services for healthcare clients. Leveraging nearly 35 years of expertise and insight, CCH solves complex labor-related challenges for clients while providing high-quality outcomes and exceptional patient care. As a multi-year Best of Staffing® Award winner, CCH is committed to excellence in delivery of its services and was the first public company to earn The Joint Commission Gold Seal of Approval® for Health Care Staffing Services Certification with Distinction.

Copies of this and other news releases as well as additional information about Cross Country Healthcare can be obtained online at [www.crosscountryhealthcare.com](http://www.crosscountryhealthcare.com). Shareholders and prospective investors can also register to automatically receive the Company's press releases, SEC filings and other notices by e-mail.

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## NON-GAAP FINANCIAL MEASURES

This press release and accompanying financial statement tables reference non-GAAP financial measures. Such non-GAAP financial measures are provided as additional information and should not be considered substitutes for, or superior to, financial measures calculated in accordance with U.S. GAAP. Such non-GAAP financial measures are provided for consistency and comparability to prior year results; furthermore, management believes they are useful to investors when evaluating the Company's performance as they exclude certain items that management believes are not indicative of the Company's future operating performance. Pro forma measures, if applicable, are adjusted to include the results of our acquisitions, and exclude the results of divestments, as if the transactions occurred in the beginning of the periods mentioned. Such non-GAAP financial measures may differ materially from the non-GAAP financial measures used by other companies. The financial statement tables that accompany this press release include a reconciliation of each non-GAAP financial measure to the most directly comparable U.S. GAAP financial measure and a more detailed discussion of each financial measure; as such, the financial statement tables should be read in conjunction with the presentation of these non-GAAP financial measures.

## FORWARD LOOKING STATEMENT

*In addition to historical information, this press release contains statements relating to our future results (including certain projections and business trends) that are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and are subject to the "safe harbor" created by those sections. Forward-looking statements consist of statements that are predictive in nature, depend upon or refer to future events. Words such as "expects", "anticipates", "intends", "plans", "believes", "estimates", "suggests", "appears", "seeks", "will", and "could", and variations of such words and similar expressions are intended to identify forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results and performance to be materially different from any future results or performance expressed or implied by these forward-looking statements. These factors include, but are not limited to, the following: the potential impacts of the COVID-19 pandemic on our business, financial condition, and results of operations, our ability to attract and retain qualified nurses, physicians and other healthcare personnel, costs and availability of short-term housing for our travel healthcare professionals, demand for the healthcare services we provide, both nationally and in the regions in which we operate, the functioning of our information systems, the effect of cyber security risks and cyber incidents on our business, the effect of existing or future government regulation and federal and state legislative and enforcement initiatives on our business, our clients' ability to pay us for our services, our ability to successfully implement our acquisition and development strategies, including our ability to successfully integrate acquired businesses and realize synergies from such acquisitions, the effect of liabilities and other claims asserted against us, the effect of competition in the markets we serve, our ability to successfully defend the Company, its subsidiaries, and its officers and directors on the merits of any lawsuit or determine its potential liability, if any, and other factors set forth in Item 1A. "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2019, and our other Securities and Exchange Commission filings. You should consult any further disclosures the Company makes on related subjects in its filings with the Securities and Exchange Commission.*

*Although we believe that these statements are based upon reasonable assumptions, we cannot guarantee future results and readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's opinions only as of the date of this press release. There can be no assurance that (i) we have correctly measured or identified all of the factors affecting our business or the extent of these factors' likely impact, (ii) the available information with respect to these factors on which such analysis is based is complete or accurate, (iii) such analysis is correct or (iv) our strategy, which is based in part on this analysis, will be successful. The Company undertakes no obligation to update or revise forward-looking statements. All references to "we", "us", "our", or "Cross Country" in this press release mean Cross Country Healthcare, Inc. and its subsidiaries.*

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**Cross Country Healthcare, Inc.**  
**Consolidated Statements of Operations**  
(Unaudited, amounts in thousands, except per share data)

	Three Months Ended			Six Months Ended	
	June 30, 2020	June 30, 2019	March 31, 2020	June 30, 2020	June 30, 2019
Revenue from services	\$ 216,779	\$ 202,757	\$ 210,064	\$ 426,843	\$ 397,928
Operating expenses:					
Direct operating expenses	166,045	151,169	160,461	326,506	298,086
Selling, general and administrative expenses	42,254	45,944	45,881	88,135	91,980
Bad debt expense	898	645	539	1,437	915
Depreciation and amortization	3,929	3,557	3,296	7,225	6,541
Acquisition and integration-related costs	—	299	77	77	811
Restructuring costs	2,330	137	564	2,894	1,277
Legal settlement charges	—	1,600	—	—	1,600
Impairment charges	15,011	14,502	—	15,011	14,502
Total operating expenses	<u>230,467</u>	<u>217,853</u>	<u>210,818</u>	<u>441,285</u>	<u>415,712</u>
Loss from operations	(13,688)	(15,096)	(754)	(14,442)	(17,784)
Other expenses (income):					
Interest expense	744	1,438	867	1,611	2,860
Loss on early extinguishment of debt	—	54	—	—	414
Other income, net	(5)	(76)	(31)	(36)	(158)
Loss before income taxes	<u>(14,427)</u>	<u>(16,512)</u>	<u>(1,590)</u>	<u>(16,017)</u>	<u>(20,900)</u>
Income tax (benefit) expense	(379)	34,758	178	(201)	31,746
Consolidated net loss	<u>(14,048)</u>	<u>(51,270)</u>	<u>(1,768)</u>	<u>(15,816)</u>	<u>(52,646)</u>
Less: Net income attributable to noncontrolling interest in subsidiary	103	404	321	424	795
Net loss attributable to common shareholders	<u>\$ (14,151)</u>	<u>\$ (51,674)</u>	<u>\$ (2,089)</u>	<u>\$ (16,240)</u>	<u>\$ (53,441)</u>
Net loss per share attributable to common shareholders - Basic and Diluted	<u>\$ (0.39)</u>	<u>\$ (1.44)</u>	<u>\$ (0.06)</u>	<u>\$ (0.45)</u>	<u>\$ (1.49)</u>
Weighted average common shares outstanding:					
Basic and Diluted	<u>36,123</u>	<u>35,824</u>	<u>35,873</u>	<u>35,998</u>	<u>35,763</u>

**Cross Country Healthcare, Inc.**  
**Reconciliation of Non-GAAP Financial Measures**  
**(Unaudited, amounts in thousands, except per share data)**

	Three Months Ended			Six Months Ended	
	June 30, 2020	June 30, 2019	March 31, 2020	June 30, 2020	June 30, 2019
<b>Adjusted EBITDA: (a)</b>					
Net loss attributable to common shareholders	\$ (14,151)	\$ (51,674)	\$ (2,089)	\$ (16,240)	\$ (53,441)
Interest expense	744	1,438	867	1,611	2,860
Income tax (benefit) expense	(379)	34,758	178	(201)	31,746
Depreciation and amortization	3,929	3,557	3,296	7,225	6,541
Acquisition and integration-related costs (b)	—	299	77	77	811
Restructuring costs (c)	2,330	137	564	2,894	1,277
Legal settlements and fees (d)	1,561	1,600	—	1,561	1,600
Impairment charges (e)	15,011	14,502	—	15,011	14,502
Loss on early extinguishment of debt (f)	—	54	—	—	414
Other income, net	(5)	(76)	(31)	(36)	(158)
Equity compensation	2,072	1,004	927	2,999	1,535
Applicant tracking system costs (g)	397	315	502	899	1,449
Net income attributable to noncontrolling interest in subsidiary	103	404	321	424	795
Adjusted EBITDA (a)	<u>\$ 11,612</u>	<u>\$ 6,318</u>	<u>\$ 4,612</u>	<u>\$ 16,224</u>	<u>\$ 9,931</u>
<b>Adjusted EPS: (h)</b>					
Numerator:					
Net loss attributable to common shareholders	\$ (14,151)	\$ (51,674)	\$ (2,089)	\$ (16,240)	\$ (53,441)
Non-GAAP adjustments - pretax:					
Acquisition and integration-related costs (b)	—	299	77	77	811
Restructuring costs (c)	2,330	137	564	2,894	1,277
Legal settlements and fees (d)	1,561	1,600	—	1,561	1,600
Impairment charges (excluding rebranding impacts) (e)	15,011	—	—	15,011	—
Rebranding impairments and accelerated amortization (e)	1,406	15,106	731	2,137	15,106
Loss on early extinguishment of debt (f)	—	54	—	—	414
Applicant tracking system costs (g)	397	315	502	899	1,449
Nonrecurring income tax adjustments	313	35,675	—	313	35,675
Tax impact of non-GAAP adjustments	(958)	(1,151)	(12)	(970)	(1,985)
Adjusted net income (loss) attributable to common shareholders - non-GAAP	<u>\$ 5,909</u>	<u>\$ 361</u>	<u>\$ (227)</u>	<u>\$ 5,682</u>	<u>\$ 906</u>
Denominator:					
Weighted average common shares - basic, GAAP	36,123	35,824	35,873	35,998	35,763
Dilutive impact of share-based payments (i)	76	117	455	265	107
Adjusted weighted average common shares - diluted, non-GAAP	<u>36,199</u>	<u>35,941</u>	<u>36,328</u>	<u>36,263</u>	<u>35,870</u>
Reconciliation:					
Diluted EPS, GAAP	\$ (0.39)	\$ (1.44)	\$ (0.06)	\$ (0.45)	\$ (1.49)
Non-GAAP adjustments - pretax:					
Acquisition and integration-related costs (b)	—	0.01	—	—	0.03
Restructuring costs (c)	0.06	—	0.02	0.08	0.03
Legal settlements and fees (d)	0.04	0.05	—	0.04	0.05
Impairment charges (excluding rebranding impacts) (e)	0.42	—	—	0.42	—
Rebranding impairments and accelerated amortization (e)	0.04	0.42	0.02	0.06	0.42
Loss on early extinguishment of debt (f)	—	—	—	—	0.01
Applicant tracking system costs (g)	0.01	0.01	0.01	0.02	0.04
Nonrecurring income tax adjustments	0.01	0.99	—	0.01	0.99
Tax impact of non-GAAP adjustments	(0.03)	(0.03)	—	(0.03)	(0.05)
Adjusted EPS, non-GAAP (h)	<u>\$ 0.16</u>	<u>\$ 0.01</u>	<u>\$ (0.01)</u>	<u>\$ 0.15</u>	<u>\$ 0.03</u>

**Cross Country Healthcare, Inc.**  
**Consolidated Balance Sheets**  
(Unaudited, amounts in thousands)

	June 30, 2020	December 31, 2019
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 6,234	\$ 1,032
Accounts receivable, net	156,104	169,528
Prepaid expenses	5,275	6,097
Insurance recovery receivable	4,954	5,011
Other current assets	1,985	1,689
Total current assets	174,552	183,357
Property and equipment, net	11,960	11,832
Operating lease right-of-use assets	11,553	16,964
Goodwill	90,924	101,066
Trade names, indefinite-lived	5,900	5,900
Other intangible assets, net	39,001	44,957
Other non-current assets	18,311	18,298
Total assets	\$ 352,201	\$ 382,374
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 54,183	\$ 45,726
Accrued employee compensation and benefits	36,274	31,307
Operating lease liabilities - current	4,883	4,878
Other current liabilities	3,441	3,554
Total current liabilities	98,781	85,465
Revolving credit facility	49,101	70,974
Operating lease liabilities - non-current	16,757	19,070
Non-current deferred tax liabilities	6,860	7,523
Long-term accrued claims	25,042	26,938
Contingent consideration	—	4,867
Other long-term liabilities	6,586	4,037
Total liabilities	203,127	218,874
Commitments and contingencies		
Stockholders' equity:		
Common stock	4	4
Additional paid-in capital	307,985	305,643
Accumulated other comprehensive loss	(1,327)	(1,240)
Accumulated deficit	(158,015)	(141,775)
Total Cross Country Healthcare, Inc. stockholders' equity	148,647	162,632
Noncontrolling interest in subsidiary	427	868
Total stockholders' equity	149,074	163,500
Total liabilities and stockholders' equity	\$ 352,201	\$ 382,374

**Cross Country Healthcare, Inc.**  
**Segment Data (j)**  
**(Unaudited, amounts in thousands)**

	Three Months Ended						Year-over-Year % change Fav (Unfav)	Sequential % change Fav (Unfav)
	June 30, 2020	% of Total	June 30, 2019	% of Total	March 31, 2020	% of Total		
Revenue from services:								
Nurse and Allied Staffing	\$ 198,098	91%	\$ 180,787	89%	\$ 188,233	89%	10%	5%
Physician Staffing	16,872	8%	18,028	9%	18,181	9%	(6)%	(7)%
Search	1,809	1%	3,942	2%	3,650	2%	(54)%	(50)%
	<u>\$ 216,779</u>	100%	<u>\$ 202,757</u>	100%	<u>\$ 210,064</u>	100%	7%	3%
Contribution income (loss): (k)								
Nurse and Allied Staffing	\$ 20,638		\$ 16,111		\$ 14,157		28%	46%
Physician Staffing	1,219		508		631		140%	93%
Search	(1,051)		(181)		(335)		(481)%	(214)%
	<u>20,806</u>		<u>16,438</u>		<u>14,453</u>		27%	44%
Corporate overhead (l)	13,224		11,439		11,270		(16)%	(17)%
Depreciation and amortization	3,929		3,557		3,296		(10)%	(19)%
Acquisition and integration-related costs (b)	—		299		77		100%	100%
Restructuring costs (c)	2,330		137		564		NM	(313)%
Legal settlement charges (d)	—		1,600		—		100%	—%
Impairment charges (e)	15,011		14,502		—		(4)%	(100)%
Loss from operations	<u>\$ (13,688)</u>		<u>\$ (15,096)</u>		<u>\$ (754)</u>		9%	NM

	Six Months Ended				Year-over-Year % change Fav (Unfav)
	June 30, 2020	% of Total	June 30, 2019	% of Total	
Revenue from services:					
Nurse and Allied Staffing	\$ 386,331	91%	\$ 356,424	89%	8%
Physician Staffing	35,053	8%	34,187	9%	3%
Search	5,459	1%	7,317	2%	(25)%
	<u>\$ 426,843</u>	100%	<u>\$ 397,928</u>	100%	7%
Contribution income (loss): (k)					
Nurse and Allied Staffing	\$ 34,795		\$ 30,407		14%
Physician Staffing	1,850		913		103%
Search	(1,386)		(604)		(129)%
	<u>35,259</u>		<u>30,716</u>		15%
Corporate overhead (l)	24,494		23,769		(3)%
Depreciation and amortization	7,225		6,541		(10)%
Acquisition and integration-related costs (b)	77		811		91%
Restructuring costs (c)	2,894		1,277		(127)%
Legal settlement charges (d)	—		1,600		100%
Impairment charges (e)	15,011		14,502		(4)%
Loss from operations	<u>\$ (14,442)</u>		<u>\$ (17,784)</u>		19%

NM-Not meaningful.

**Cross Country Healthcare, Inc.**  
**Summary Condensed Consolidated Statements of Cash Flows**  
**(Unaudited, amounts in thousands)**

	Three Months Ended			Six Months Ended	
	June 30, 2020	June 30, 2019	March 31, 2020	June 30, 2020	June 30, 2019
Net cash provided by operating activities	\$ 16,569	\$ 12,355	\$ 17,162	\$ 33,731	\$ 25,142
Cash used in investing activities	(1,528)	(429)	(962)	(2,490)	(1,674)
Net cash used in financing activities	(21,402)	(5,383)	(4,599)	(26,001)	(14,678)
Effect of exchange rate changes on cash	(4)	1	(34)	(38)	21
Change in cash and cash equivalents	(6,365)	6,544	11,567	5,202	8,811
Cash and cash equivalents at beginning of period	12,599	18,286	1,032	1,032	16,019
Cash and cash equivalents at end of period	\$ 6,234	\$ 24,830	\$ 12,599	\$ 6,234	\$ 24,830

**Cross Country Healthcare, Inc.**  
**Other Financial Data**  
**(Unaudited)**

	Three Months Ended			Six Months Ended	
	June 30, 2020	June 30, 2019	March 31, 2020	June 30, 2020	June 30, 2019
Consolidated gross profit margin (m)	23.4%	25.4%	23.6%	23.5%	25.1%
<u>Nurse and Allied Staffing statistical data:</u>					
FTEs (n)	5,801	7,016	7,145	6,473	7,016
Average Nurse and Allied Staffing revenue per FTE per day (o)	\$ 375	\$ 283	\$ 290	\$ 328	\$ 281
<u>Physician Staffing statistical data:</u>					
Days filled (p)	9,195	10,754	10,199	19,394	21,034
Revenue per day filled (q)	\$ 1,835	\$ 1,676	\$ 1,783	\$ 1,807	\$ 1,625

- (a) Adjusted EBITDA, a non-GAAP (Generally Accepted Accounting Principles) financial measure, is defined as net (loss) income attributable to common shareholders before interest expense, income tax expense (benefit), depreciation and amortization, acquisition and integration-related costs, restructuring costs, legal settlements and fees, impairment charges, gain or loss on derivative, loss on early extinguishment of debt, gain or loss on sale of business, other expense (income), net, equity compensation, applicant tracking system costs, and includes net income attributable to noncontrolling interest in subsidiary. Adjusted EBITDA should not be considered a measure of financial performance under GAAP. Management presents Adjusted EBITDA because it believes that Adjusted EBITDA is a useful supplement to net income attributable to common shareholders as an indicator of operating performance. Management uses Adjusted EBITDA for planning purposes and as one performance measure in its incentive programs for certain members of its management team. Adjusted EBITDA, as defined, closely matches the operating measure typically used in the Company's credit facilities in calculating various ratios. Adjusted EBITDA Margin is calculated by dividing Adjusted EBITDA by the Company's consolidated revenue.
- (b) Acquisition and integration-related costs include costs for prior acquisitions, costs incurred for potential transactions, and accretion and valuation adjustments related to the contingent consideration liability for the Mediscan acquisition.
- (c) Restructuring costs are primarily comprised of employee termination costs, lease-related exit costs, and reorganization costs as part of planned cost savings initiatives.
- (d) Legal settlements and fees include legal settlement charges as presented on the consolidated statements of operations as well as legal fees pertaining to non-operational legal matters which are included in selling, general and administrative expenses. For the three months ended June 30, 2019, we incurred legal settlement charges pertaining to the resolution of a medical malpractice lawsuit in excess of carrier limits as well as a California wage and hour class action settlement. For the six months ended June 30, 2020, we incurred \$1.6 million in legal fees related to an ongoing legal matter outside the normal course of operations, the majority of which were incurred during the second quarter.
- (e) The three and six months ended June 30, 2020 included non-cash impairment charges of \$15.0 million, which was comprised of \$10.5 million related to goodwill and other intangible assets for the Search business and \$4.5 million related to right-of-use assets and related property and equipment in connection with leases that were vacated during the quarter. Impairment charges in 2019 related to trade name impairment of \$14.5 million related to Nurse and Allied Staffing resulting from the Company's rebranding initiative. Rebranding impairments and accelerated amortization related to finite-lived trade names in connection with the rebranding initiatives.
- (f) Loss on early extinguishment of debt relates to the write-off of debt issuance costs as a result of an optional reduction in borrowing capacity in the revolving credit facility exercised in the first quarter of 2019, and optional prepayments on the Company's term loan of \$7.5 million and \$5.0 million made in the first and second quarters of 2019, respectively.
- (g) Applicant tracking system costs are related to the Company's project to replace its legacy system supporting its travel nurse staffing business. These costs are reported in selling, general and administrative expenses on the consolidated statement of operations and included in corporate overhead in segment data.
- (h) Adjusted EPS, a non-GAAP financial measure, is defined as net (loss) income attributable to common shareholders per diluted share before the diluted EPS impact of acquisition and integration-related costs, restructuring costs, legal settlements and fees, impairment charges, rebranding impairments and accelerated amortization, gain or loss on derivative, loss on early extinguishment of debt, gain or loss on sale of business, applicant tracking system costs, and nonrecurring income tax adjustments. Adjusted EPS should not be considered a measure of financial performance under GAAP. Management presents Adjusted EPS because it believes that Adjusted EPS is a useful supplement to its reported EPS as an indicator of operating performance. Management believes it provides a more useful comparison of the Company's underlying business performance from period to period and is more representative of the future earnings capacity of the Company.
- (i) Due to the net loss for the three months ended June 30, 2020, June 30, 2019, and March 31, 2020, and for the six months ended June 30, 2020 and 2019, 76, 117, 455, 265, and 107 shares (in thousands) were excluded from diluted weighted average shares.
- (j) Segment data provided is in accordance with the Segment Reporting Topic of the FASB ASC.
- (k) Contribution income is defined as income or loss from operations before depreciation and amortization, acquisition and integration-related costs, restructuring costs, legal settlement charges, impairment charges, and corporate overhead. Contribution income is a financial measure used by management when assessing segment performance.
- (l) Corporate overhead includes unallocated executive leadership and other centralized corporate functional support costs such as finance, IT, legal, human resources, and marketing, as well as public company expenses and corporate-wide projects (initiatives).
- (m) Gross profit is defined as revenue from services less direct operating expenses. The Company's gross profit excludes allocated depreciation and amortization expense. Gross profit margin is calculated by dividing gross profit by revenue from services.
- (n) FTEs represent the average number of Nurse and Allied Staffing contract personnel on a full-time equivalent basis.
- (o) Average revenue per FTE per day is calculated by dividing the Nurse and Allied Staffing revenue per FTE by the number of days worked in the respective periods. Nurse and Allied Staffing revenue also includes revenue from the permanent placement of nurses.
- (p) Days filled is calculated by dividing the total hours invoiced during the period, including an estimate for the impact of accrued revenue, by 8 hours.
- (q) Revenue per day filled is calculated by dividing revenue as reported by days filled for the period presented.

## Contacts

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